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CENTRAL INTELLIGENCE AGENCY

18 March 1952

SUBJECT: NIE-49: SWEDEN'S POSITION IN THE EAST-WEST CONFLICT

THE PROBLEM

To assess: (a) Sweden's strategic importance; (b) its present policy in the East-West conflict; (c) the possibilities of a change in this policy; and (d) the consequences of Sweden's position to the NATO powers and the USSR.

CONCLUSIONS

1. Sweden's location, natural and industrial resources, and considerable military potential give it substantial strategic importance to both NATO and the USSR. Of chief importance is Sweden's potential role in the defense of Scandinavia, particularly Norway. Moreover, its position, which flanks the Baltic and North Germany, would be valuable either to the USSR or the NATO powers for air bases, early warning facilities, and other military installations.

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2. The Swedish armed forces are at present capable only of fighting delaying actions against a major Soviet attack. On the other hand, Sweden's already sizeable military potential and resources provide the base for a marked expansion in Swedish military capabilities, perhaps to the point where, in coordination with the NATO Northern Command forces, they could successfully defend large areas of Scandinavia.

3. Despite its pro-Western and anti-Communist outlook, Sweden will almost certainly cling to its "alliance-free" policy as long as possible, even in event of war.

4. In the event of a Soviet move against Finland, Sweden would very likely enlarge its own defense preparations, might enter into exploratory military conversations with the West, and would re-examine its neutrality policy. However, only if Sweden were convinced that the Soviet move into Finland was merely a springboard for an early invasion of Sweden or Norway, would it probably enter into limited defense arrangements with the West.

5. However, Sweden might join the NATO powers in the event of a Soviet attack on Norway, if the Swedes thought that NATO was capable of extending immediate large-scale assistance. Moreover, Sweden would certainly fight if attacked.

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6. The chief unfavorable consequence to the West of Sweden's "alliance-free" policy is that it severely hampers the development of Scandinavian defenses against a Soviet attack. On the other hand, Swedish adherence to NATO under present circumstances would increase international tensions and might lead the USSR to reduce Finland to Satellite status.

7. In event of war in circumstances substantially as at present, we believe that the USSR would seek to by-pass Sweden in its invasion of Norway. However, as NATO capabilities to defend Norway increase the likelihood of a Soviet attack on Sweden would also increase.

8. If Sweden remained neutral while the USSR occupied Norway and Denmark, Sweden would be effectively isolated from the West. Its valuable trade with the West would be cut off and it would be forced, under Soviet economic pressure, to make an important contribution to the Soviet war economy.

9. Despite its neutrality, Sweden probably would not actively resist the overflight of Western aircraft, although it would officially protest. Sweden would more actively defend its neutrality against Soviet overflights, while attempting to avoid serious complications with the USSR.

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DISCUSSION

I. SWEDEN'S STRATEGIC IMPORTANCE

1. Geographic. The Scandinavian peninsula, of which Sweden forms the greater part, lies across the most direct air approaches to Western USSR from air bases in North America, Greenland, Iceland, and the UK, or from carriers in the Norwegian Sea. Conversely, it lies athwart the air path from Soviet bases in the Moscow area to most of the UK, Greenland, Iceland, and North America. It could provide air bases, early warning facilities, and other military installations to either the USSR or the Western allies. It also occupies a strategic position with respect to control of the Baltic and its entrance. Moreover, Sweden lies across the logistically preferable routes of Soviet advance toward the valuable air and naval base sites along the Norwegian coast. Finally, Sweden flanks the North German plain, the chief military route across Western Europe, and if held securely by the NATO powers, could be used as a base from which to threaten Soviet lines of communication across Germany and Poland and through the Baltic, as well as the Soviet Baltic flank.

2. Political, Economic, and Scientific. Sweden is a stable, politically mature democracy of about seven million people. Its

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present Social Democratic-Agrarian coalition government enjoys solid popular support. Sweden has only a small Communist party, numbering an estimated 27,000, which has been declining in strength.

3. As one of the most highly industrialized nations in the world, Sweden is an important producer of ships, ball and roller bearing, industrial machinery, engines and turbines, electrical apparatus, steel, armaments, and numerous other manufactures, as well as high quality iron ore. The Swedish Bofors firm designs and produces excellent naval and antiaircraft guns. Sweden's aircraft industry is capable of producing modern jet fighters to replace current piston engine types and of supporting the Swedish air force at its present strength. Its marine engineering and aeronautical installations are capable of extensive research and development work. Sweden's basic scientific and technological research is excellent in a number of fields. Its scientists rank with the world's best in ferrous metallurgy and medicine, for example, and it expects to have a small underground atomic pile operating in 1953.

4. Some 92-93 percent of Swedish trade is with the West, the UK and West Germany being Sweden's largest customers. Sweden's large exports of iron ore, lumber, pulp and paper, bearings, machinery, and ships, etc., make an important contribution to Western European

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economic strength. For example, about 11 percent of the free world's iron is derived from Swedish ore. The West German and UK steel industries are particularly dependent upon Swedish ore imports, which account for perhaps 42 percent of West German and 23 percent of UK iron ore consumption.

5. Although trade with the Soviet Bloc is of more importance to Sweden than to most other Western European countries, it accounts for only 7-8 percent of total Swedish trade. It consists chiefly of an exchange of iron ore, ball and roller bearings, and machinery for coal and some mineral ores. This trade has been declining steadily over recent years, and under Western pressure Sweden has adopted East-West trade controls comparable to those of the European NATO countries. It sells no munitions to the Soviet Bloc and only surrenders strategic goods, such as iron ore and ball bearings, where necessary to obtain such essential imports as Polish coal.

6. However, Sweden's dependence on foreign sources for two-thirds of its raw materials and practically all of its coal, coke, and petroleum products renders its economy critically vulnerable to external pressures. Any major interference with the flow of imports such as would occur in wartime would inevitably have serious disruptive effects on the Swedish economy.

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7. Armed Forces. Sweden is slowly modernizing its 75,000 man armed forces. These forces are the largest and best in Scandinavia, although far less than Sweden's resources can support. While the forthcoming defense budget will probably be considerably above that of the present fiscal year, Sweden will still be spending only about 5 percent of its gross national product for defense. It is building modern jet aircraft (and buying others from the UK), enlarging and modernizing its fleet and expanding ground force training. However, the armed forces suffer from serious weaknesses which would sharply limit their capabilities in time of war. The quality of Swedish manpower and basic training is excellent, but the armed forces are lacking in combat experience and in staff and command training for large-scale operations. Serious logistic deficiencies also exist.

8. Sweden's army of 50,000 comprises only 15,000 regulars, although mobilizable army manpower totals some 675,000 men, most of them semi-trained. The 9-10 month conscription period is inadequate by NATO standards. Many items of modern equipment, such as tanks, heavy artillery, and electronic equipment are obsolete, in short supply, or completely lacking.

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9. Sweden's navy is a well-rounded combat force designed for coastal defense. It is noteworthy for high standards of seamanship, materiel maintenance, and discipline, but its effectiveness against attack by a major power like the USSR, would be strictly limited to harassing and delaying tactics and escort operations. The USSR could rapidly neutralize Swedish sea power in the Baltic. The principal effective Swedish naval units are two modern antiaircraft cruisers, twelve destroyers, four coastal destroyers, two fast anti-submarine frigates, twenty-one submarines, and twenty-one motor torpedo boats. The mine warfare force is apparently well developed. The navy is weak in modern equipment, though a new construction and modernization program is in progress. For example, all submarines are scheduled to be fitted with radar, sonar, and snorkels by the end of 1952.

10. The Air Force, second strongest in Western Europe, is considered by Sweden to be its first line of defense. It has 1,685 aircraft (1,095 of them in operational units), of which 378 are jets. Of Sweden's 62 airfields, six can now sustain jet fighter or medium bomber operations, four more can sustain jet fighters and be developed for bombers, and a further ten can support limited jet fighter operations. Sweden's air defenses have been greatly improved [REDACTED]

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[REDACTED] but the air forces equipment is inferior to that of the USSR, and it suffers from critical logistic deficiencies, particularly fuel.

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11. In the light of their military weaknesses, the Swedish forces are presently capable only of fighting delaying actions against a major Soviet attack. The duration of their defensive effort would depend upon whether they had sufficient time to mobilize and upon the receipt of substantial outside support. On the other hand, Sweden's already sizeable military potential and resources provide the base for a marked expansion in Swedish military capabilities, perhaps to the point where, in coordination with the NATO Northern Command forces, they could successfully defend large areas of Scandinavia. Such a build-up of Swedish defenses, however, would require outside assistance.

12. Sweden's role in Scandinavian defense. The ultimate test of Sweden's strategic importance to the USSR and the NATO powers lies in its potential role in the defense of the Scandinavian peninsula in event of war. Should war come, the chief objective of both sides would probably be to control the valuable air and naval bases and radar sites along the Norwegian coast. Sweden, because of its strategic location and sizeable armed forces, might well be of critical importance to Norway's defense. While Sweden's strategic importance to the NATO powers is primarily defensive, once these powers were strong enough to defend the Scandinavian peninsula (and perhaps Denmark), Sweden would have potential value as a base for offensive air and perhaps eventually naval and amphibious operations against the

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Soviet Baltic flank. The logistical difficulties of supplying NATO forces in Sweden in the face of probable Soviet local air superiority in the Baltic area would doubtless limit NATO use of bases in Sweden itself, but the valuable Norwegian coastal bases could be protected and Soviet egress from the Baltic made more hazardous.

II. SWEDEN'S PRESENT POLICY IN THE EAST-WEST CONFLICT

13. The Swedish people and government remain firmly attached to their policy of "freedom from military alliances." To the Swedish public, which overwhelmingly supports the "no-alliance" policy, the most persuasive argument in its behalf is the peace that the country has enjoyed for approximately 150 years. The Swedes are cognizant of the Soviet threat to Swedish security, and a majority of them are convinced that involvement in a future war is inevitable. At the same time, they maintain their armed forces at a level which they hope will deter an invasion. Moreover, they see no immediately persuasive alternative to their current "alliance-free" policy. They are under no delusion that they could withstand a Soviet attack without Western support, but they are confident that, regardless of their non-membership in NATO, the Western Powers would attempt to come to their assistance in event of Soviet attack.

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14. While all four non-Communist parties support in principle the "alliance-free" policy,* the leaders of the Liberal and Conservative opposition parties have criticized the implementation of the policy by the Social Democratic-Agrarian Government as being too rigid, doctrinaire, and lacking in foresight. They contend that at a minimum Sweden should undertake technical military planning with Denmark and Norway, in order to facilitate Western aid to Sweden in event of war. They also profess great concern over the impact of Sweden's official "alliance-free" policy on Western opinion. A small but vocal minority led by some of the Liberal party press, including Sweden's largest daily, has gone further and attacked this policy, arguing that better security would be found in affiliation with NATO. A number of high-ranking Swedish military officers apparently share this view, which, however, has not at this juncture gained any appreciable public or political support.

* Sweden's small Communist party, while not objecting to neutrality as such, professes to regard it as a fraud, alleging that Swedish foreign policy is actually pro-Western and non-neutral.

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15. Despite their official "alliance-free" policy, both the Swedish Government and people are pro-Western and anti-Communist. The Swedish people have a deep-seated fear and distrust of the USSR. This distrust is based largely on a long history of wars with Tsarist Russia, which was Sweden's traditional enemy, but it has been strengthened in the postwar period by the USSR's aggressive international policies, incessant Soviet attacks on Sweden's grants of asylum to political refugees, and the recent disclosures of Soviet espionage in Sweden. Swedish relations with the Soviet Bloc, especially with Poland, have worsened over the past year.

16. Sweden's sympathies, as well as its major economic interests, are with the Western countries, particularly the US and UK. Despite reservations over certain aspects of American foreign policy, there is a friendly feeling for the American people. Swedish policy has become more overtly Western in its emphasis since the conflict in Korea, and particularly since over-all NATO defensive capabilities have begun to grow.

17. If Sweden itself were attacked by the USSR, we believe that it would resist with all its resources. Public opinion polls have indicated that 75 percent of the Swedish people are determined to resist Soviet attack, while only 7 percent favor non-resistance. If Sweden were invaded and occupied, remnants of the Swedish forces would flee to Allied territory, and the Swedes would almost certainly attempt guerrilla warfare and sabotage operations.

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III. POSSIBILITIES OF A CHANGE IN SWEDISH POLICY

18. During the Cold War. Despite its pro-Western and anti-Communist outlook, Sweden is unlikely to change its formal "alliance-free" policy during peacetime, and will firmly resist pressure in this direction. Sweden would be particularly resistant to Soviet threats, although such threats might lead the Swedes to take a more cautious approach in their relations with the West. Sweden might be forced to make further limited economic concessions to the Soviet Bloc in response to such economic warfare measures as a threat to deny it Polish coal. It would not yield, however, to Soviet pressures to alter its foreign or military policies.

19. On the other hand, the Swedes apparently believe that the advantages of joining NATO would be outweighed by the definite increase in international tension and the possibility of retaliatory Soviet action against Finland. Moreover, most Swedes, relatively satisfied with the state of their own defenses, have not been greatly impressed to date with NATO military assistance to Norway and Denmark.

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21. Although opposition leaders have contended that the disappearance of Finland as a buffer for Sweden would necessitate reconsideration of Sweden's policy, we do not believe that Sweden would join NATO even if the USSR occupied Finland. A recent public opinion poll indicates that only 26 percent of the people would favor a departure from neutrality in this event. The Swedish Government's initial reaction would probably not be determined so much by the reduction of Finland to Satellite status as by its assessment of what the next Soviet step would be. If it were convinced that Finland was merely a springboard for an early Soviet military move into Sweden, Sweden would almost certainly make overtures to the West for some form of military ties. On the other hand, if Sweden believed the USSR intended to move no further than Finland, it would almost certainly not make any immediate overt change in its "no-alliance" policy. Sweden would almost certainly expand its own defense preparations, however, and would probably be more willing to step up covert military talks with various Western Powers. Moreover, the progressive build-up of a Soviet military threat from nearby Finland, and the influx of Finnish refugees, would almost certainly increase public hostility to the USSR and therefore would gradually make the Swedish Government more willing to engage in some form of military cooperation with the

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22. In event of war. We believe that Sweden would still prefer to remain neutral as long as possible. As long as Norway were not invaded, the Swedes would hope that the area might not become an active theater of operations and that Sweden could keep open some lines of communication with the West. Even if Denmark were invaded, which seems likely in the initial stages of a conflict between the USSR and NATO, the Swedes probably still would maintain their neutral position although they would certainly mobilize and might secretly consult with the Western Powers over joint defense measures in case Norway and Sweden were attacked.

23. A Soviet attack on Norway, even though it by-passed Sweden, would require the government to decide then whether to fight or to risk being almost completely isolated from the West. Although government leaders have been reserved on this point, they might regard an attack on Norway as necessitating the entry of Sweden into the war. If the Swedes thought that NATO was capable of extending immediate large-scale assistance, we believe that Sweden might join the Western Powers. If, however, the attack should come before NATO strength had been built up and the government then believed that quick and adequate Western aid would not be forthcoming, Sweden would probably decide to remain neutral.

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24. Despite its neutrality, Sweden probably would not actively resist the overflight of Western aircraft, although it would officially protest. Particularly if these overflights were at high altitude, the Swedes might only go through the motion of interception and AA fire, and the strongly pro-Western air force might actually assist lost or disabled Western aircraft. Sweden would more actively defend its neutrality against Soviet overflights, while attempting to avoid serious complications with the USSR. After Sweden had been isolated through Soviet occupation of Norway, however, the government would feel compelled by Soviet pressure to protest more strongly and might take more active measures against Western overflights. Even in this case, the Swedish air force would be unlikely to carry out in practice the more stringent measures ordered by the government itself.

IV. THE CONSEQUENCES OF SWEDEN'S POSITION TO THE NATO POWERS AND THE USSR

25. During Peacetime. Despite Sweden's "alliance-free" policy, its growing military potential and determination to resist already constitute some deterrent to aggressive Soviet actions. Sweden's East-West trade controls already parallel those of the European NATO countries. Moreover, Soviet policy toward Finland is probably somewhat restrained by a desire not to force Sweden closer to the West.

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26. The chief unfavorable consequence to the West of Sweden's "alliance-free" policy is that it severely hampers the development of Scandinavian defenses against a Soviet attack. Sweden's non-adherence to NATO limits advance military planning and coordination, denies Sweden full access to NATO advice and assistance, and reduces NATO ability to aid Sweden in strengthening its own defenses.

27. On the other hand, Swedish adherence to NATO would be considered by the USSR as a further step toward Western "encirclement" and would increase international tensions. Although it would almost certainly not be considered as a casus belli by the USSR, it might lead the USSR to reduce Finland to Satellite status.

28. In event of War. If war came during the period of NATO weakness, and before Norwegian defenses in particular had been adequately strengthened, we believe that the USSR would make an early effort to secure the valuable base sites on the Norwegian coast. So long as the USSR considered that it could quickly occupy Norway without going through Sweden and that it could rely on Sweden's remaining neutral, it would probably observe Swedish neutrality. The USSR could thus avoid: (a) the necessity of diverting large forces to cope with the Swedish defenses; (b) damage to Swedish industry and facilities as a result of the fighting; and (c) the necessity of garrisoning Sweden and of coping with Swedish guerrilla warfare.

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Moreover, once the USSR had occupied Norway, Sweden would be almost wholly isolated and its considerable exports to the West cut off. Under these circumstances, it would probably be forced to yield progressively to Soviet pressures and to reorient its trade toward the Soviet Bloc. If the USSR would provide the necessary raw materials Sweden could be forced to make a valuable contribution to the Soviet war economy,

29. On the other hand, the USSR might consider that an initial attack via Sweden was essential to a quick and decisive conquest of Norway. Soviet observance of Swedish neutrality would deprive the USSR of the most logistically preferable avenues for invasion of Norway, or, should it succeed in occupying Norway, of its most direct line of communications to its Norwegian bases. Moreover,

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it would probably give refuge to fleeing Danish and Norwegian forces; and it might be used as a base for resistance activities in Norway, Denmark, and Finland.

30. On balance we believe that, in circumstances substantially as at present, the USSR would seek to by-pass Sweden in its invasion of Norway. However, as NATO capabilities to defend Norway increase, the likelihood of a Soviet attack on Sweden would also increase.

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31. If Sweden were attacked, or if it declared war as a result of a Soviet attack on Norway, over-all Scandinavian defense capabilities would be increased, and the USSR would be compelled to employ substantially larger forces than otherwise. During 1952 at least, it seems unlikely that the Swedish and NATO forces would be capable of more than a delaying action, although isolated parts of Norway might be held.

32. If, for any reason such as the eventual growth of over-all NATO capabilities, the USSR did not immediately undertake the occupation of Norway, it would probably look upon Swedish neutrality as advantageous, since a neutral Sweden would help screen the Soviet Baltic flank and would prevent the NATO powers from making offensive use of Swedish bases.

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